Got $3,000? 3 Canadian Dividend Stocks to Buy in January 2021

Description

The increasing visibility on the vaccine front suggests that economic recovery could pick up pace in 2021. With the recovery in demand, corporate earnings are likely to show a sharp improvement compared to 2020, which is likely to support dividends.

So, if you've got $3,000 to invest, consider buying the shares of these top dividend-paying Canadian companies right now.

TC Energy

TC Energy (TSX:TRP)(NYSE:TRP) is a perfect income stock, thanks to its solid balance sheet, diversified assets, high-quality earnings, and visible dividend growth.

The regulated and contracted nature of its portfolio makes it immune to the volatility related to the commodity prices and volume throughput. Meanwhile, it remains well-positioned to benefit from the recovery in energy demand and could deliver significant growth in the coming years.

The company's asset base has increased from $25 billion in 2000 to over $100 billion in 2020. The expansion of its asset base has led to an increase in its dividend from $0.80 a share to $3.24 a share in 2020.

TC Energy's strong base business and $37 billion of secured growth projects are likely to support its higher dividend payments in the future. TC Energy projects a dividend growth of 8-10% in 2021. Moreover, it projects 5-7% in its dividend after 2021. Currently, the Dividend Aristocrat offers a high yield of 6.3%.

Enbridge

Recently, **Enbridge** (TSX:ENB)(NYSE:ENB) announced a 3% hike in its annual dividend to $3.34, despite lower demand for the products it transports. While the pipeline giant continued to face significant headwinds in 2020, strength in its core business and a well-diversified revenue base drove its distributable cash flow (DCF) higher and supported its dividend payments.

Including the recent hike, Enbridge has now raised its dividends for 26 years in a row. Moreover, with an expected improvement in demand and continued strength in its core business, Enbridge could continue to further raise its dividends in 2021 and beyond.

The company expects to deliver a 5-7% annual growth in its DCF per share. Meanwhile, it projects to maintain the payout ratio at 60-70% of its DCF, which is sustainable in the long run. Meanwhile, its gradual transition towards a low-risk utility-like business is likely to drive its future payouts.

Currently, Enbridge pays a quarterly dividend of $0.835 a share, reflecting a stellar yield of 8.2%, which is safe.

Fortis

Like TC Energy, **Fortis** (TSX:FTS)(NYSE:FTS) offers clear visibility over its dividend growth in the coming years. Fortis owns high-quality regulated assets that generate predictable and growing cash flows that support its dividend payments.

Besides stock price appreciation, the utility company has returned billions of dollars to its shareholders through dividends and share buybacks over the past several years. It has raised its dividends for 47 consecutive years. Meanwhile, it projects 6% annual growth in its dividend through 2025, thanks to the continued growth in its rate base.

The company's earnings and cash flows are likely to grow at a healthy pace, reflecting continued investment in infrastructure, accretive acquisitions, and cost-reduction measures. Meanwhile, its rate base is projected to increase by $10 billion to $40.3 billion by 2025.

Currently, Fortis pays a quarterly dividend of $0.505 a share, reflecting a yield of 3.9%.

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